Mylan Announces $500 Million of Floating Rate Debt Swapped to Fixed Rates

Exposure to short-term LIBOR rate borrowings reduced to approximately $850 million

PITTSBURGH, Oct. 9 /PRNewswire-FirstCall/ -- Mylan Inc. (NYSE: MYL) announced today that it has completed $500 million of interest-rate swaps to fix the interest rate of a portion of its term loan borrowings to take advantage of the recent decline in medium term dollar interest rates. The swaps serve to fix the interest cost on this debt through year-end 2010 at a rate of 6.03%. The company has now executed $2 billion of interest rate swaps at a weighted average rate of 6.55%.

Additionally, the company reconfirmed its previous guidance of a full-year 2008 weighted average cost of financing of approximately 6.5%.

"We believe we have put in place a capital structure that is ideal for this difficult credit environment," said Mylan Vice Chairman and CEO Robert J. Coury. "With protection against short-term interest rate fluctuations, no significant near-term debt maturities, a current cash balance in excess of $700 million, a committed undrawn revolving credit facility and no requirement to access the credit markets, Mylan could hardly be in a stronger position to deal with the current economic climate."

The interest-rate swaps lock in a fixed rate for a significant portion of Mylan's borrowings under its term loan facility. Mylan currently has $4.1 billion outstanding under this facility, which the company used to finance the acquisition of Merck KGaA's generics business. Of this amount, $1.25 billion is denominated in Euros, which has benefited Mylan as the dollar has strengthened against the Euro. Of the remaining $2.85 billion, which is denominated in dollars, $2 billion has been converted to a fixed rate, leaving approximately $850 million subject to short-term fluctuations of LIBOR interest rates.

The company has the option to reset the term of its variable rate borrowings under its term loan facility for as long as six months. It most recently reset the interest rate for these borrowings during the last week in September. Further, Mylan continues to have an ability to enter into additional fixed rate swaps should medium term interest rates continue to decline.

In September, the company successfully issued $575 million -- comprising $463.5 million in net proceeds after fees and the cost of an associated bond hedge -- in seven-year convertible notes paying interest at 3.75%. This permitted the company to fully repay the $300 million outstanding balance under its $750 million committed revolving credit facility, which had been accruing interest at a 5.0% rate at the time of repayment.

The company faces no major maturities on its term loans for at least six years, or until 2014, and on its other borrowings until 2012. None of the company's borrowings permit the lenders to require early payment, and they are not affected in any way by changes in the company's stock price.

"We believe that the recent disproportionate decline in Mylan's stock price is unrelated to the company's business operations or fundamentals," said Mylan Chief Financial Officer Edward J. Borkowski. "Rather, we believe the decline has been driven by the need for certain institutions to meet capital requirements and by unwarranted concern regarding our capital structure."

Mylan Inc., which provides products to customers in more than 140 countries and territories, ranks among the leading diversified generic and specialty pharmaceutical companies in the world. The company maintains one of the industry's broadest -- and highest quality -- product portfolios, supported by a robust product pipeline; owns a controlling interest in the world's second largest active pharmaceutical ingredient manufacturer; and operates a specialty business focused on respiratory and allergy therapies.

SOURCE Mylan Inc.